

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6755

BILL NUMBER: SB 176

NOTE PREPARED: Feb 11, 2010

BILL AMENDED:

SUBJECT: Nonparticipating Tobacco Product Manufacturers.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. Pearson

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires: (1) newly qualified nonparticipating tobacco product manufacturers; and (2) nonparticipating tobacco product manufacturers that the Attorney General determines pose an elevated risk of noncompliance with tobacco product regulations; to post a surety bond. (Nonparticipating tobacco product manufacturers do not participate in the Tobacco Master Settlement Agreement and are required under current state law to contribute to a qualified escrow fund.)

The bill also requires a person that imports cigarette brand families of a nonparticipating manufacturer to assume joint and several liability with the nonparticipating manufacturer for qualified escrow payments and associated penalties, costs, and fees.

Effective Date: July 1, 2010.

Explanation of State Expenditures: The Attorney General's Office has reported that the provisions of the bill can be enforced within the current level of resources available to the Office.

Explanation of State Revenues: The bill increases the AG's ability to collect escrow amounts due from nonparticipating manufacturers by requiring newly qualified nonparticipating manufacturers and those that have an elevated risk of noncompliance to post a surety bond equal to the greater of \$50,000 or the amount required to be placed into a qualified escrow fund for a calendar year. The bond is required to be written in favor of the state of Indiana.

The bill also increases the AG's ability to collect escrow amounts, penalties and fees for nonparticipating foreign manufacturers by requiring the importers of the products to assume joint and several liability with

the nonparticipating foreign manufacturer.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General's Office.

Local Agencies Affected:

Information Sources: Attorney General's Office.

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